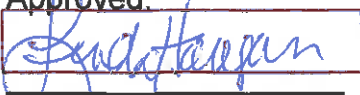
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Financial Audit and Reporting Policy		Approved:  Linda Haugan, Chair

Purpose The purpose of this policy is to set forth the requirements of the State Health & Safety Code governing the production of financial statements and audit and to stipulate the requirement for preparing and reporting essential financial data for the Commission.

Definitions and Reporting **Audit**
 It is the policy of First 5 San Bernardino to conduct an annual audit of all commission finances and prepare a written report as stipulated by Section 130150 of the State Health & Safety Code. Unless otherwise required by law, notice of the public hearing is not required to be published in the newspaper.

It is the policy of First 5 San Bernardino to conduct a public hearing concerning the audit report and transmit the audit report to the State Commission on or before November 1 of each year as stipulated by Sections 130140 and 130150 of the State Health & Safety Code.

First 5 San Bernardino will issue annual financial reports in accordance with generally accepted accounting principles (GAAP) as outlined in the Governmental Accounting, Auditing and Financial Reporting (GAAFR).

Financial Reporting Policies

It is the policy of First 5 San Bernardino that staff provides key budget and financial data at least quarterly and more frequently when necessary or requested to facilitate proper monitoring and oversight of Commission finances. Essential financial data includes actual revenues, expenses, and reserves compared to the current authorized budget. The financial staff will produce special reports of other Commission financial information as requested by Commission officials.

It is the policy of First 5 San Bernardino that financial staff will provide written reports to the Executive Director that will include revenues, expenses, reserves, Operations, evaluation and program costs along with noting the percentage of administrative costs to total operating budget and comparing it to the adopted percentage limit as defined in Administrative Policy 06-01 A1. The staff will monitor the percentage of actual administrative costs to the adopted percentage limit.

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Staff will analyze the costs and if significant, provide a written report with explanation of the variances to the Commission and, if appropriate, propose a corrective action plan to bring the costs within the adopted limits. If the costs are determined to reflect current operations, staff will propose a revised allowable percentage limit if deemed appropriate.

First 5 San Bernardino staff will regularly monitor the Commission's financial condition and inform the Executive Director of all significant financial developments and trends.
